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December 17, 1997

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW Suite 222
Washington, DC 20554

Dear Ms. Roman Salas:

I am writing to ask for your help in alleviating a major threat to our company and its employees.

On October 9, 1997 the Federal Communications Commission (FCC), after analysis of the record and the policy goals of Section 276 of the Telecommunications Act of 1996, established a payphone owner compensation rate of 28.4 cents per call for all subscriber 800 and access code calls. Absorbing this per call charge could destroy the Allen Lund Company as well as other small businesses and non-profit organizations. It also raises the prospect of telephone fraud and abuse by compensating payphone owners every time a call is completed to an 800 number.

The Allen Lund Company, Inc. is a transportation brokerage firm that employs 123 people in 15 offices nationwide and handles more than 60,000 truckloads a year. Our company relies on more than seventy 800 numbers and the convenience of truck stop payphones to stay in constant contact with the drivers who haul our goods. Obviously blocking payphone calls is not an option. In fact, it could shut down our operation.

Our company handles over 250,000 calls a month to our 800 numbers, and estimates that 50,000 are from pay phones. This amounts to 600,000 calls a year from payphones. The 28.4 cent charge per payphone call could cost our company up to $170,000 a year. The average call to the Allen Lund Company lasts 1.5 minutes and costs approximately 12 cents. Section 276 will bring our average phone call to a cost of 40.4 cents, or more than triple the original cost. It is ludicrous that the privilege of using the payphone far exceeds the long distance cost. The Allen Lund Company is not in the position to "absorb" these costs. We cannot identify those customers who call us from payphones, and therefore could not fairly pass on rate increases. We will lose business and be forced to lay off employees as a result of this financial burden.

The transportation industry is not the only sector affected by Section 276. Other small businesses and non-profit organizations cannot afford to absorb the costs this

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payphone compensation plan incurs. Toll-free numbers are prevalent at small businesses as a means of improving customer service, and at non-profit organizations as a help line. Suicide hotlines, rape crisis centers, and AIDS information lines all rely on toll-free numbers. Yet these organizations, often run on shoe-string budgets, will be crippled by the imposed per call fee of 28.4 cents.

The most disturbing aftershock is the potential for fraud. Animosity or competition could lead an individual or organization to continuously dial another's toll-free number with the intent of costing them money. Animal rights activists might repeatedly dial the American Cancer Society's toll-free number. Dishonest payphone owners might repeatedly call toll-free numbers from their own phones. In many instances, these calls would not even need to be completed for a per call charge to be assessed to the 800 number small business owner.

When you can call someone and benefit from it, the potential for fraud is endless. One of our own competitors could purchase a payphone, repeatedly dial our 800 number, put us out of business, and make money in the process.

Consider this scenario: I could instruct all 123 of my employees to spend 40 hours a week, for one week, dialing the FCC's toll-free number once a minute from a payphone. At the end of the week, the FCC's phone bill would increase by $83,836.80. (Keep in mind, this is the total if the employees dialed the number only once a minute). While a scheme such as this is illegal, it would be impossible to track the calls from 123 different payphones *and* prove malicious intent.

Why should the call recipient pay for the caller's decision to use a payphone? Payphones exist for the caller's convenience. Just as the caller pays to make a local call, it is reasonable to expect a caller to deposit 15 cents. (According to AT&T, the cost of using a payphone to make a toll-free call is actually 12 cents). It has been argued that asking the caller to deposit money defeats the purpose of a toll-free number. But does it not defeat the purpose if a service is no longer available because a business or organization is no longer in operation because of exorbitant phone bills?

The benefit a payphone provides is the convenience of its location. To charge the other end for this benefit is a backward approach. The logical solution would be to charge the calling party for the benefit. This solution will eliminate the potential for fraud and misuse and will place the charges where they need to be, with the person benefiting from the location of the payphone.

I find it reprehensible that our business and my employees will suffer at the hands of phone companies like US West and Pacific Bell and other local monopolies, which have a virtual stranglehold on the payphone market. (Our data indicates that they own more than 70% of the nation's payphones). I would appreciate your attention to this matter and any input you might have. Please call me with any questions or comments at (800) 777-6142, but not from a payphone.

Sincerely,

D. Allen Lund

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